Management Discussion and Analysis
For the Year Ended December 31, 2017
Dated: March 15, 2018

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Introduction

The management's discussion and analysis ("MD&A" or "Report") of Fjordland Exploration Inc. (the "Company" or "Fjordland") has been prepared by management in accordance with the requirements under National Instrument 51-102 March 15, 2018 ("the Report Date") and provides comparative analysis of the Company's financial results for the year. The following information should be read in conjunction with the Company's audited financial statement for the year ended December 31, 2017 together with the notes thereto (collectively, the "Financial Statements"). Unless otherwise indicated, all dollar amounts in this document are in Canadian dollars.

The Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance and are not necessarily indicative of the results that may be expected in future periods. The information in the MD&A may contain forward looking statements, and the Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events.

Factors that could cause actual results to differ materially from these forward-looking statements include market prices, exploration success, and continued availability of capital and general economic, market or business conditions.

This list is not exhaustive and these and other factors should be considered carefully; readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention and assumes no obligation to update any forward-looking statement contained in this document, even if new information becomes available as a result of future events or for any other reason.

Additional information about the Company, including the audited financial statements, and the notes thereto, for the year ended December 31, 2017, prepared in accordance with IFRS, can be found on SEDAR at www.sedar.com.

Business of the Company

Fjordland Exploration Inc. ("the Company") is an exploration stage company engaged in the acquisition and exploration of prospective mineral deposits primarily in Canada. The Company acquires properties directly by staking, through option agreements with prospectors or other exploration companies, and through reconnaissance programs. The Company trades as a Tier Two company on the TSX Venture Exchange ("Exchange") under the symbol "FEX" and is a reporting issuer in British Columbia and Alberta.

Victor A. Tanaka, P.Geo. is the Company's qualified persons reviewing the exploration projects described throughout the MD&A. They are responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

Overall Performance and Outlook

The Company, in June 2017, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted a series of options to earn an additional 85% undivided interest in the South Voisey's Bay property.

On June 21, 2017, the Company consolidated its issued and outstanding shares on a 5:1basis. All shares and per share amount have been restated to reflect the share consolidation.

On August 18, 2017, the Company completed a non-brokered private placement, issuing 5,910,000 units at $0.10 per unit and 1,680,000 Flow-Through units at $0.125 for a total of $801,000.

On September 5, 2017 the Company entered into an agreement with HPX BC Holdings Inc. ("HPX"), a private equity company founded and co-chaired by Robert Friedland. Under the terms of the agreement, HPX agreed to purchase 14 million units for consideration of $1.4 million. The units consist of a share and one-half warrant with each whole warrant permitting the purchase of an additional share for $0.20 until March 17, 2019. HPX was granted the opportunity to fund, on behalf of the Company $7.4 million of exploration expenditures plus $290,000 of property payments. If the funding is completed and the Company earns a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

On September 11, 2017, the Company completed a portion of a non-brokered private placement, issuing 2,450,000 units at $0.10 per unit and 440,000 Flow-Through units at $0.125 for a total of $300,000.

On September 27, the Company completed a non-brokered private placement with HPX, by issuing 14,000,000 units at $0.10 per unit for a total of $1,400,000.

The Company continues to preserve cash by keeping general and administrative expenses to a minimum.

Management continues to consider potential property acquisitions and to monitor capital markets for appropriate funding opportunities with the goal of acquiring projects that are drill ready or which can be advanced to the drill stage with minimal investment of cash and time.

Mineral properties

(a) South Voisey's Bay, Labrador

The Company, in September 2014 as amended November 2014, entered into a Memorandum of Understanding ("MOU") with Commander Resources Ltd ("Commander") whereby the Company was granted an option to earn a 75% undivided interest in the South Voisey's Bay property.

The Company has earned a 15% interest in the property by having expended $350,000 in exploration costs prior to the expiration of the option agreement on August 15, 2015.

The Company, in June 2017, entered into a Letter of Intent ("LOI") with Commander Resources Ltd ("Commander") whereby the Company was granted a series of options to earn an additional 85% undivided interest in the South Voisey's Bay property.

Under the terms of the agreement, the Company can earn additional interest by incurring the following cash, exploration expenditures and share issuance:

i) 20% interest - 200,000 common shares (issued) and $600,000 (paid) in exploration expenditures on or before October 31, 2017

ii) 40% interest - $10,000 and 250,000 common shares on or before July 26, 2018
$15,000 and 300,000 common shares on or before July 26, 2019
$25,000 and 350,000 common shares on or before July 26, 2020
$40,000, 400,000 common shares and $2,400,000 in exploration expenditures on or before October 31, 2021

iii) 25% interest $200,000, 3,000,000 common shares and $5,000,000 in exploration expenditures on or before October 31, 2024.

As at October 31, 2017, the Company has earned an additional 20% interest in the property having issued 200,000 common shares and expended $600,000 in exploration cost, and has a total interest earned of 35%.

The Company considers this project to be a top tier Ni-Cu-Co opportunity for the following reasons:

i) Large 294 km2 (29,400 ha) land positioned over the Pants Lake Gabbro Complex, 85 km south of the Voisey's Bay mine operated by Vale

ii) There are striking similarities in the ages, geological setting, petrology, geochemistry and sulphide mineralization of the mafic intrusions at Pants Lake and Voisey's Bay

iii) Recent research relating to the mode of ore deposition combined with over $20 million in proprietary historic exploration data creates opportunity for data-mining

iv) Known Ni, Cu, Co occurrences - pipeline of targets including drill ready conductors

v) Building a premier exploration team headed up by Dawn Evans-Lamswood, member of original discovery team at Voisey's Bay and recent Exploration Manager of Brown Field Exploration for Inco-Vale focusing on expansion of the Voisey's Bay mine site resource.

On September 5, 2017 the Company executed an agreement with HPX BC Holdings Inc. ("HPX"), an affiliate of Ivanhoe Industries, LLV. HPX has subscribed for $1,400,000 of a private placement, the details of which are described in the Financing Section of this MD&A. These funds were utilized to meet the Company's obligations under the option agreement with Commander which allowed the Company to increase its project interest to 35% from 15%.

In addition, HPX has the opportunity to incur, on behalf of the Company, $7,400,000 in exploration expenditures and to make $290,000 of property payments. If this funding is completed in its entirety and the Company acquires a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

In November 2017, the Company completed a drill program of 1,469 metres in holes which tested six shallow UTEM geophysical targets. Best results were from holes 17-2 which returned 0.8 metres grading 0.63% nickel, 0.30% copper and 0.1% cobalt and hole 17-6 which returned 3.9 metres grading 0.37% nickel, 0.27% copper and 0.1 % cobalt. The intersections are semi-massive to massive sulphide comprised of pyrrhotite, pentlandite and chalcopyrite. Both intersections occur within or at the base of the Worm Gabbro within a sequence of troctolite. They are overlain by several metres of blebby and net textured sulphides. Holes 17-3, 5 and 7 returned low nickel values. Three holes, 17-1, 17-4 and 17-8, located 1.8 km south of hole 17-6 tested a prominent low angle conductor within paragneiss adjacent to an arm of the Worm Gabbro and all three holes encountered zones of high sulphide with low nickel values hosted by structures and sometimes accompanied by mixed gabbro breccia. Borehole Electro-Magnetic (BHEM) data, collected by Crone Geophysics in November, defined several extremely high conductivity targets between holes 17-1, 17-4, and 17-8. In addition, BHEM data from holes 17-6 and 17-7 delineate a strong conductor associated with the intersected sulphides, and an even stronger off-hole conductor.

Ongoing work includes property wide re-processing of additional historical EM data including UTEM-3 surveys and Crone pulse EM surveys. Initial focus is on the large South Gabbro body where limited historical drilling has retuned elevated nickel within basal olivine gabbro units and in wall rock veins.

On March 4, 2018, the Company announced that HPX has advised that they will fund $1,200,000 on a proposed 2018 summer drill program. This funding is considered the initial pre-paid consideration against the opportunity to sole fund exploration and option payments to earn a 65% interest in the SVB Project.

(b) Milligan West, BC

In February 2013, the Company and Serengeti Resources Inc. consolidated certain claims located in north central British Columbia into the Milligan West project with each company owning an equal interest.

As at December 31, 2016, the Company had been diluted to a 43.7% interest in the project.

In September 2017, the Company joined Serengeti in drilling 1,256 metres in three holes targeting zones identified by interpretation of the 2016 Induced-Polarization (IP) survey data, earlier property-wide geophysical surveys, and short drill holes completed by previous workers. Encouraging results were intersected within skarnified volcaniclastic tuff and feldspar-porphyry dykes, including 1.12 *git* gold, 0.70 *git* silver and 0.14% copper over 2.0 metres in MW-17-02, with maximum gold and silver values reaching 1.57 *git* over 1.5 metres, and 33.50 *git* over 3.1 metres, respectively.

The 2017 Milligan West program added significantly to the understanding of the local geology and has led to the identification of an untested near-surface geophysical target area approximately one kilometre to the north of the 2017 drill holes. The newly identified geophysical target area is coincident with historical copper-, zinc- and gold-in-soil geochemical anomalies, which lie directly on trend with the Mt. Milligan - Heidi Lake sulphide system to the east. Although the nature of mineralized intercepts from 2017 are discontinuous, the program confirmed that mineralization at Milligan West is associated with hydrothermal intrusive activity, and Fjordland remains optimistic in the potential for the property to host a significant mineralized system.

Notable intersections from the drill program as well as associated geological observations are included in the news release dated December 20, 2017.

(c) Northwestern Athabasca Basin, Saskatchewan

In March and May 2016, the Company staked mineral claims in the Northwest Athabasca Basin, Saskatchewan at a cost of $50,961.

In 2017, the Company terminated the option agreement, allowed the claims to lapse and has written-down $50,961 (2016 - $245,000) of acquisition costs.

Selected Annual Information

Selected annual information from the Company's audited financial statements for the year ended December 31, 2017 and the audited consolidated financial statements for the years ended December 31, 2016 and 2015.

	2017 ($)	**2016 ($)**	**2015 ($)**
General and administration expenses	(540,532)	(159,202)	(211,434)
Loss for the year	(545,003)	(442,863)	(323,810)
Basic and diluted loss per share	(0.02)	(0.02)	(0.00)
Cash dividends per share	Nil	Nil	Nil
Other comprehensive income (loss)	Nil	Nil	Nil
Assets	3,129,780	610,382	384,937
Long-term liabilities	Nil	Nil	Nil

Summary of Quarterly Results

	Mar 31 2016 Q1	Jun 30 2016 Q2	Sep 30 2016 Q3	Dec 31 2016 Q4	Mar 31 2017 Q1	Jun 30 2017 Q2	Sep 30 2017 Q3	Dec 31 2017 Q4
Mineral property costs deferred, net	31,227	264,634	100	(233,758)	-	26,265	442,935	902,631
G&A (incl. share-based compensation)	(35,566)	(35,951)	(39,838)	(47,847)	(30,288)	(74,864)	(187,731)	(247,649)
Share-based compensation expense	3,898	-	5,958	(3,714)	-	35,491	122,007	174,089
Adjusted G&A (less share-based comp)	(31,668)	(35,951)	(33,880)	(57,703)	(30,288)	(39,373)	(65,724)	(73,560)
Net loss	(50,415)	(48,494)	(46,066)	(297,888)	(35,220)	(79,850)	(189,197)	(240,736)
Loss per share – basic and diluted	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average common shares outstanding - basic	18,756259	19,246,369	20,224,009	20,756,383	20,756,383	20,756,383	25,740,995	47,193,774

Results of Operations

For the three months ended December 31, 2017 and 2016

The Company's cash position increased from $204,394 on December 31, 2016 to $1,029,097 on December 31, 2017 cash was used to fund operating and exploration activities.

The Company incurred total general and administrative expenses of $247,649 (2016 - $47,847) Included in general and administrative expenses is a non-cash expense of $174,649 for share-based compensation (2016 - $(3,714)). Share-based compensation is a non-cash item resulting from the application of the Black-Scholes Option Pricing Model using assumptions in respect of expected dividend yield average risk-free interest rates, expected life of the option and expected volatility. After deducting this non-cash item, expenses were $73,560 for the quarter (2016 - $57,703), representing an increase of $15,857.

During the quarter, the Company incurred $22,256 (2016 - $8,249) in respect of marketing information.

Accounting and audit $31,000 (2016 - $25,250), these numbers reflect the accrual of audit fees.

During the quarter, the Company wrote-down $50,961 (2016 - $245,000), related to the Northwest Athabasca Basin property.

For the years ended December 31, 2017 and 2016

Results of operations for the year ended December 31, 2017 are discussed in comparison with the year ended December 31, 2016. General and administrative expenses of $540,532 (2016 - $159,202) represents a $381,330 increase compared to the comparative year. Notable changes include:

The $84,190 (2016 - $3,050) in deposits at year ended December 31, 2017, consists of $3,050 rent deposit and $81,140 of exploration deposits

In 2017, the Company paid the principal of $200,000 and interest of $18,301 on the outstanding loans.

Significant items included in the current results of operation are as follows:

		2017		2016
Accounting and audit	$	58,280	$	54,750
Administration fees	$	36,000	$	36,000
Filing fees	$	12,497	$	9,829
Office	$	9,186	$	9,692
Rent	$	19,292	$	18,683
Transfer agent	$	12,287	$	6,224

Total share-based compensation on options granted, and vested during the year ended December 31, 2017, resulted in $331,587 (2016 - $6,142) being expensed. Share-based compensation is a non-cash transaction.

Marketing expense was $43,575 (2016 - $14,000). A breakdown is provided below:

		December 31, 2017		December 31, 2016
Consulting	$	25,167	$	12,000
Conferences		1,541		-
Printing		-		695
Promotional		8,435		-
Media		8,432		1,305
	$	43,575	$	14,000

Comprehensive loss for the year ended December 31, 2017 is $545,003 (2016 - $442,863), which includes financing expenses and interest on loans payable of $14,960 (2016 - $35,014) and mineral properties written-down of $50,961(2016 - $245,000).

Exploration expenditures during the year ended December 31, 2017 were $1,422,792 (2016- $307,203), which consisted of $42,015 (2016 - $295,961) in acquisition costs and $1,380,777 (2016 - $11,242) in exploration costs.

During the year ended December 31, 2017 the Company, issued 200,000 shares (2016 – 800,000) valued at $19,000 (2016 - $240,000) relating to exploration properties.

Liquidity

The Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets. As the Company does not have operating cash flow, the Company has relied primarily on equity financings to meet its capital requirements.

- liquidity risk increases, as other things being equal, the price of an asset will be reduced if the holder cannot sell the asset immediately;

- credit risk increases, as service providers may not always be able to perform in accordance with the terms of a contract. To help mitigate this risk with contracts that require large advances, the Company may be required to place funds in-trust, to be released on completion of the contract.

The Company is in the exploration stage and commodity prices are not reflected in operating financial results. However, fluctuations in commodity prices may influence financial markets and may indirectly affect the Company.

As at December 31, 2017 the Company had a cash position of $1,029,097 and working capital of $967,354 compared to a cash position of $204,394 and working capital deficit of $17,327 at December 31, 2016.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. The Company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Capital Management

The Company considers its capital structure to be shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is unable to finance its operations from cash flow and has relied primarily on equity financings to meet its capital requirements.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favorable.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

Financing Activities

On June 21, 2017, the Company completed a share consolidation on the basis of one new post-consolidation common share for every five pre-consolidation common shares. All current and comparative references to the number of common shares, weighted average number of common shares, loss per share, stock options and warrants have been restated to give effect to this consolidation.

On July 24, 2017, the Company issued 200,000 common shares, with a fair value of $19,000 or $0.095 per share as consideration towards the acquisition of mineral property (Note 8(a)).

On August 18, 2017, the Company completed a non-brokered private placement for the issuance of 5,910,000 units at $0.10 per unit (the "Units") and 1,680 000 Flow-Through Units at $0.125 per unit ("the FT Units") for a total of $801,000. A flow-through premium of $42,000 was assigned to the flow-through offering. Each Unit and FT Unit consists of one common share and one-half of one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until February 18, 2019. The expiry date of each whole warrant is subject to acceleration. The Company paid a finder's fees of $17,000 and issued 80,000 Finder's Warrants valued at $9,955 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $5,655 in connection with the placement

On September 5, 2017 the Company entered into an agreement with HPX BC Holdings Inc. ("HPX"), an affiliate of Ivanhoe Industries, LLC. Under the terms of the agreement, HPX subscribed by means of a private placement for 14,000,000 units of the Company for proceeds of $1,400,000. In addition, HPX has the opportunity to incur, on behalf of the Company, $7,400,000 in exploration expenditures and to make $290,000 of property payments. If the funding is completed and the Company acquires a 100% interest in the South Voisey's Bay project, the Company has agreed to assign a 65% project interest to HPX.

Pursuant to the September 5, 2017 Investment Agreement, HPX has been granted pre-emptive anti-dilution rights so long as its holdings of Fjordland common shares exceed 10%. Fjordland has also agreed that its board would not exceed five directors and that HPX would have the right to representation of two directors so long as its shareholding remains above 10% and to three directors if its shareholding rises above 50%. HPX has agreed that it will vote for management's nominees for directors provided that such nominees include HPX's director nominees until the earlier of September 29, 2020 or the time that Fjordland acquires 100% of the South Voisey's Bay project.

On September 11, 2017, the Company completed a portion of a non-brokered private placement for the issuance of 2,450,000 units at $0.10 per unit (the "Units") and 440,000 Flow-Through Units at $0.125 per unit ("the FT Units") for a total of $300,000. A flow-through premium of $11,000 was assigned to the flow-through offering. Each Unit and FT Unit consists of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until March 11, 2019. The expiry date of each whole warrant is subject to acceleration. The Company paid a finder's fees of $7,600 and issued 38,000 Finder's Warrants valued at $19,388 using the Black-Scholes option pricing model. The Company incurred share issue costs in the amount of $10,570 in connection with the placement.

On September 27, 2017, the Company completed a non-brokered private placement with HPX by issuing 14,000,000 units at $0.10 per unit (the "Units") for a total of $1,400,000. Each Unit consists of one common share and one-half of one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at a price of $0.20 per common share until March 17, 2019. The expiry date of each whole warrant is subject to acceleration.

For the year ended December 31, 2017, the Company issued 1,776,956 common shares on the exercise of warrants for proceeds of $303,366.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financial arrangements.

Related Party Transactions

The Company entered into the following transactions with related parties:

(a) Loans

During fiscal year 2017, the Company repaid principal of $150,000 and interest of $13,726 (2016 - $21,822) to a corporation with a director in common.

(b) Compensation of key management personnel

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including share-based compensation, of key management person during the years ended December 31, 2017 and 2016 were as follows:

	2017	2016
Corporate secretary (Janice Davies)	$ 36,000	$ 36,000
CFO (Patricia Tanaka)	36,000	36,000
Share-based compensation	179,747	3,898
	$ 251,747	$ 75,898

Proposed Transactions

None

Risks and Uncertainties Related to the Company's Business

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage are also very substantial. The following sets out the principal risks faced by the Company.

(a) Exploration

The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

(b) Market

The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

(c) Commodity Price

The Company's exploration projects are primarily related to exploration for gold and other precious metals in British Columbia, Canada. While these minerals have recently been the subject of significant price increases from levels prevalent earlier in the decade, there can be no assurance that such price levels will continue, or that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

(d) Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

(e) Financing

Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon selling equity in the capital markets to provide financing for its continuing substantial exploration budgets. While the Company has been successful in obtaining financing from the capital markets for its projects in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its exploration programs on favourable terms, or at all. Restrictions on the Company’s ability to finance could have a material adverse outcome on the Company and its securities.

(f) Share Price Volatility and Price Fluctuations

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

(g) Key Personnel

The Company’s exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain “key man” insurance policies on these individuals. Should the availability of these persons’ skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

(h) Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

(i) Realization of Assets

Exploration and evaluation assets comprise a substantial portion of the Company’s assets. Realization of the Company’s investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

(j) Environmental and Other Regulatory Requirements

The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various governmental authorities and such operations are and will be subject to laws and regulations. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits.

(k) History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations

The Company has incurred net losses to date. The Company has not yet had any revenue from the exploration activities on its properties. Even if the Company commences development of certain of its properties, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

(l) Uninsurable

The Company and its subsidiary may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

(m) Legal Proceedings

As at the date of the Report, there were no legal proceedings against or by the Company.

(n) Critical Accounting Estimates

The most significant accounting estimates for the Company relates to the carrying value of its mineral property exploration and evaluation assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company’s assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

Management’s estimates of exploration, operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management’s estimate of the net cash flow to be generated from its properties.

Another significant accounting estimate relates to accounting for share-based compensation and derivative instruments. The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of share-based compensation and warrants. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options granted/vested during the period

(o) Financial Instruments and other Instruments

The Company’s financial assets consist of cash and deposits for reclamation, receivables, accounts payable and accrued liabilities. No amounts are invested other than in chartered bank term deposits. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest or credit risks arising from the financial instruments. The carrying value of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

New Standards Not Yet Adopted

The Company has not yet adopted the following revised or new IFRS that have been issued but are not yet effective at December 31, 2017:

i) IFRS 15, Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018.

i) IFRS 9, Financial Instruments (effective date January 1, 2018) introduces new requirements for the classification and measurement of financial assets and liabilities.

ii) IFRS 16, Leases is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. This standard is effective for the years beginning on or after January 1, 2019.

The Company expects these new accounting standards will have no significant impact on the financial statements other than increased note disclosure.

Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.

As of the Report Date, the Company had 47,213,339 issued common shares outstanding and the following unexercised stock options and warrants:

Stock Options

Expiry Date	Exercise Price	Number of Shares
August 2, 2018	$0.25	1,270,000
September 16, 2019	$0.25	919,000
April 10, 2022	$0.35	150,000
September 12, 2022	$0.55	966,000
		3,305,000

Warrants

Expiry Date	Exercise Price	Number of Shares
February 18, 2019	$0.20	3,875,000
March 11, 2019	$0.20	1,483,000
March 27, 2019	$0.20	7,000,000
		12,358,000

We recommend that users of this report read the Cautionary Statements following.

Cautionary Note

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Corporation, its subsidiaries and its projects, the future supply, demand, inventory, production and price of minerals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled'; "estimates': "forecasts': "intends': "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could'; "would", "might' or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parametres as *plans continue to be refined; future prices of minerals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and the Corporation disclaims any obligation to update any forward- looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

CORPORATE INFORMATION

DIRECTORS AND OFFICERS

Richard C. Atkinson, P.Eng.
President, C.E.O and Director

G. Ross McDonald, C.A.
Director

Peter Krag-Hansen
Director

Victor A. Tanaka, P.Geo.
Director

Patricia Tanaka
CFO

Janice Davies
Corporate Secretary

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SHARE LISTING

TSX Venture Exchange
Symbol: FEX

CAPITALIZATION AT DECEMBER 31, 2017

Shares Authorized: Unlimited
Shares Issued and Outstanding 47,213,339